

# Interim financial report first quarter of 2020

European Energy A/S – Gyngemose Parkvej 50 – 2860 Søborg – Denmark – Company Reg. no. 18351331

Hanstholmvej, Denmark



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## Interim financial report first quarter of 2020 (unaudited)

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# Summary

## European Energy maintains strong momentum in sale of electricity in the first quarter of 2020

Despite the ongoing COVID-19 pandemic, European Energy delivers a solid start to the year with a revenue of EUR 28,7 million, an EBITDA of EUR 10.3 million and a profit before tax of EUR 4.2 million.

The sale of electricity increased by 58% to an impressive EUR 15.4 million in the first quarter of 2020 compared to EUR 9.7 million in the first quarter of 2019. The increase is due to favourable weather conditions in European Energy's main markets, but it is also a result of the company's strategy to become partly an independent power producer (IPP) by keeping more operating wind and Solar assets in its own books.

During the first quarter of 2020, European Energy closed the divestment of three turbines at the Svindbæk Wind Farm in Denmark with Aquila European Renewables Income Fund, the London-listed investment company advised by Aquila Capital Investmentgesellschaft mbh. European Energy's divestments of energy farms in the quarter totalled EUR 12.3 million.

In Brazil, COVID-19 and a polarised political environment negatively affected the value of Brazilian currency. This had a significant impact on European Energy's projects in Coremas, which resulted in an impairment of EUR 4.4 million. Despite the loss on currency, European Energy delivered strong financial performance in Q1 and remains committed to deliver both EBITDA (EUR 52-58 million) and profit before tax (EUR 35-39 million) for the full financial year in 2020, in line with the earlier guideline.

The management has under the Corona Crisis focused on strengthening of the Group's liquidity. The cash position increased with EUR 14.4 million and the Group has a very solid position with EUR 127.9 million whereof EUR 104.2 million is free cash.

The Equity of the Group keeps increasing and are now EUR 141.3 million. This together with the cash position gives the Group a favourable stepping stone for further development of the business.

Knud Erik Andersen, CEO says:

"I am satisfied that we have been able to stay the course and maintain stability in our business during uncertain times. We have managed to expand our development pipeline to a total of +15 GW and continue our ongoing construction activities in Denmark, Poland, Germany, Italy and Brazil – only with minor delays. I am certain that we will continue to see a demand for the cleanest, cheapest and the most scalable solutions for energy production. We can deliver that."

Record high sale of electricity and strong liquidity despite COVID-19



## Svindbæk Wind Farm





# Key information

## REVENUE

Total revenue has decreased by 77% from Q1 19 to Q1 20 due to less divestment of energy parks. Sale of electricity increased by 58% from EUR 9.7 million in Q1 19 to EUR 15.4 million in Q1 20.

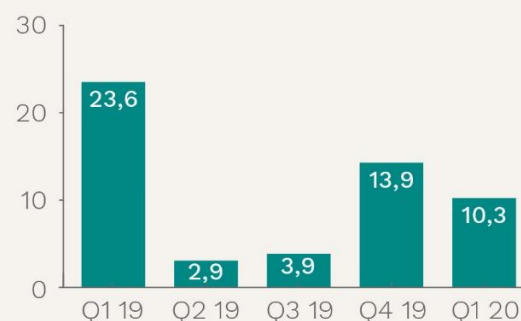
### EUR million



## EBITDA

EBITDA decreased 56% from Q1 19 to Q1 20 due to less divestment of energy parks. The management maintains the outlook of EBITDA for the year of EUR 52-58 million.

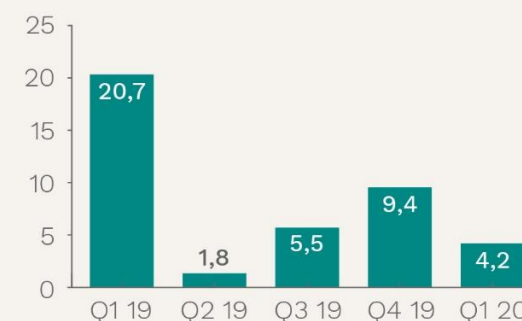
### EUR million



## PROFIT BEFORE TAX

Profit before tax has decreased 80% from Q1 19 to Q1 20 again due to the less divestment of energy parks. The management maintains the outlook of profit before tax for the year of EUR 35-39 million.

### EUR million



## SALE OF ELECTRICITY – CONSOLIDATED

The record high sale of power in the quarter of EUR 15.4 million was an increase of 58% compared to Q1 2019. A good start of the year and indicates that power sales for the Group for 2020 will be record breaking.

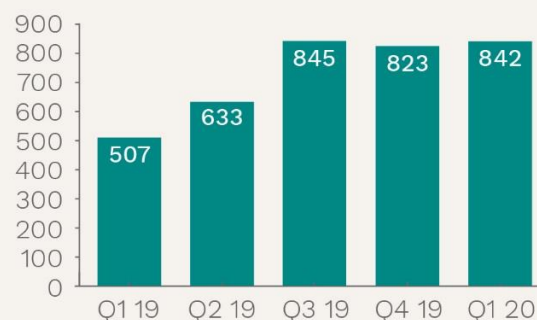
### EUR million



## UNDER CONSTRUCTION OR READY-TO-BUILD

The 842 MW is spread over 8 countries, of which 318 MW are Danish projects. Wind counts for 55% and Solar for 45%.

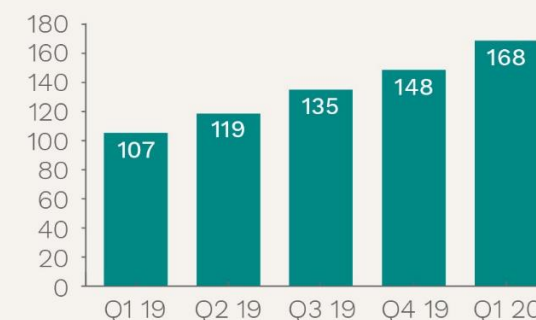
### MW



## EMPLOYEES

The number of employees (Head Count) has increased 57% from Q1 19 to Q1 20, which reflects an increased level of activity and the need to strengthen the organisation to meet expected growth in the future.

### Employees



# Highlights for European Energy Group

## Key figures EUR '000

	Q1 2020	Q1 2019	FY 2019
Revenue	28,681	125,201	238,804
Direct costs	-11,147	-100,103	-190,614
Gross profit	13,807	26,080	57,529
EBITDA	10,282	23,625	44,305
Operating profit (EBIT)	7,386	22,778	38,411
Financial income and expense, net	-3,185	-2,096	-969
Profit/loss before tax	4,201	20,682	37,442
Tax	-2,044	-2,558	-1,461
<b>The Group's share of profit for the period</b>	<b>2,157</b>	<b>18,124</b>	<b>35,981</b>
Investments in Property, plant and equipment	2,560	108	1,330
Total assets	645,608	407,271	605,671
<b>Equity</b>	<b>141,277</b>	<b>126,548</b>	<b>137,603</b>
Cash flow from operating activities	-16,545	66,251	18,128
Cash flow from investing activities	-4,842	-876	-10,038
Cash flow from financing activities	35,796	-55,860	36,934
Change in cash and cash equivalents	14,409	9,515	54,936
<b>Financial ratios</b>			
Gross margin	48.1%	20.8%	24.1%
EBITDA margin	35.8%	18.9%	18.6%
EBIT margin	25.8%	18.2%	16.1%
Solvency ratio	21.9%	31.1%	22.7%
Net interest-bearing debt/EBITDA, LTM	10.5	2.9	6.8
Return on equity (average, LTM)	14.9%	17.7%	29.3%
<b>Share Ratios</b>			
Earnings per share (EPS Basic)	-0.003	0.045	0.089
Earnings per share (EPS diluted)	-0.003	0.045	0.089
Number of shares at the end of the period '000	300,145	300,040	300,145
<b>Average number of full-time employees</b>	<b>154</b>	<b>100</b>	<b>117</b>

The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society except for Earnings per share, basic and diluted, which are calculated according to IAS 33.



Troia, Solar Farm, Italy





# Management review

## Development in financials in the first quarter of 2020

### Statement of profit

In the first quarter of 2020, the natural resources were showing themselves from their best side, with a lot of wind and also plenty of sun for the season. And since the Group keeps adding to the portfolio of power producing assets, the result has been a sale of power of EUR 15.4 million compared to EUR 9.7 million in the first quarter of 2019.

The Group had revenue from divestment of energy parks of EUR 12.3 million compared to last year with EUR 114.9 million. The Group expects the major divestments at a later point in time this year. At the moment there have been signed term sheets for more than 200 MW, so it is looking good so far.

The Groups investments in joint ventures and associated companies generally performed well due to the good wind conditions. The solar projects in the Brazilian solar parks had a regulation of minus EUR 5.3 million primarily due to the drop in Real. In total the results of equity accounted investments was of EUR -4.1 million compared to EUR 1.0 million in profit last year.

The power sales contributed with EUR 13.4 million to the gross profit for the quarter. In Q1 2019 this amount was EUR 9.0 million. The management are glad to see that the recurring part of the gross profit is growing steadily.

Last year the quarter had several divestments of energy parks which contributed to the EUR 26.1 million in total gross profit. In 2020 the first quarter ended with a total gross profit of EUR 13.8 million.

	EUR'000			
Gross Profit	Q1 2020	Q1 2019	Q1 2018	FY 2019
Sale of energy parks	3,150	15,478	1,774	19,120
Sale of electricity	13,355	9,044	1,374	25,926
Asset management	1,028	575	528	3,143
Equity-accounted investments	-4,142	982	3,301	2,504
Other income	416	-	-	6,836
Total Gross Profit	13,807	26,079	6,977	57,529



In Q1 the Group was still adding employees according to the growth strategy. Due to the Corona Crisis the Group is now consolidating and waiting to add more employees until the situation in the society is more stable. The steady increase during 2019, and in Q1 2020 has resulted in an increase of staff costs from EUR 1.4 million last year to EUR 2.2 million this year. The staff costs reflect approximately 40% of the total staff costs, the remaining part is capitalised as capital expenditure for the constructed energy parks, and is expensed as direct costs when the parks are divested.

Average numbers of headcounts went up from 100 in the first quarter of 2019 to 154 at the end of first quarter 2020.

When other external expenses increased from EUR 1.1 million last year to EUR 1.3 million in 2020, the depreciation went from EUR 0.8 million in 2019 to EUR 2.9 million in 2020. The increase is due to the focus of the IPP part of the Groups business that has led to the addition of several German energy parks in the 2nd half of 2019.

The net financial expenses for the Group increased from EUR 2.1 million in 2019 to EUR 3.2 million in 2020. The addition of power-producing parks has given more interests, and the Group has increased the bond loan to EUR 200 million during 2019.

The net result before tax for the quarter was EUR 4.2 million compared to 2019 with EUR 20.7 million.

The tax for the quarter was an expense of EUR 2.1 million mostly related to the sale of a tax transparent company in Denmark and the power sale in the consolidated companies of the Group. The result of equity accounted investments is already taxed. Taken this into consideration the taxable part of the net results is close to EUR 8 million giving an average tax rate of approximately 25 %.

#### **Assets**

The property, plant and equipment increased from EUR 45.5 million in the first quarter last year to EUR 134.2 million in 2020. This was the same level as end of 2019.

The joint venture investments has dropped from EUR 13.3 million in Q1 2019 to EUR 9.6 million in 2020. The drop relates primarily to the impairment of EUR 5.3 million of the investment in the three Brazilian solar parks.

The loans to related parties are EUR 32.7 million where the major part is the loans to the Brazilian solar parks. In Q1 2019 the loans were EUR 33.0 million.



Wind Farm Grzmiaca, Poland



Inventories has in the quarter increased to EUR 249.2 million with high momentum on building activities on energy parks. In Q1 2019, the inventory amounted to EUR 152.7 million.

Free cash has increased during the quarter to EUR 104.2 million with total cash of EUR 127.9 million. End of 2019, the amounts were EUR 90.4 million in free cash and total cash of EUR 113.5 million.

### Liabilities

The equity increased from EUR 137.6 million end of last year to EUR 141.3 million in Q1 2020, with EUR 126.5 million in Q1 2019.

Project financing increased in total (short and long term) from EUR 132.5 million in Q1 2019 to EUR 245.3 million in 2020, and the bond loan has increased from EUR 83.8 million in 2019 to EUR 192.5 million in 2020.

Together the increases in liabilities has led to an increase of the total balance of the Group from EUR 407.3 million to 645.6 million in 2020.

## Capital management

The total new project-related loans obtained were EUR 44.4 million. For Q1 2019, the number was EUR 12.3 million. Repayment of project-related loans amounted to EUR 6.6 million. In Q1 2019, the number was EUR 68.9 million.

The net change in cash during the first quarter was a plus of EUR 14.4 million. Last year the number was EUR 9.5 million for the quarter.

The management is satisfied with the strong level of liquidity, which will enable the Group to make further investments in the market.

## Outlook for 2020

Despite of the Corona Crisis the management does not see lack of interest for green energy projects. The divestment prices are stable and if anything the projects are seen as a safe haven to the drop in other markets. The main part of the projects the Group is planning to divest is already constructed and the power sale has been secured with long time power purchase agreements. Based on this the management is maintaining the outlook for 2020 with an EBITDA of EUR 52-58 million and a profit before tax of EUR 35-39 million.

Management is looking forward to another year of good results. However, the risk factors associated with developing and constructing solar and wind projects may cause delays. Typical risk factors are i.e. potential delay in deliveries from external suppliers, abnormal weather conditions during the construction period and co-developers' performance and skills in handling complex construction projects. The overall performance will also depend on factors such as environmental impact assessments, building permits, sudden changes in incentive schemes and the Group's success in renewable-energy auctions.

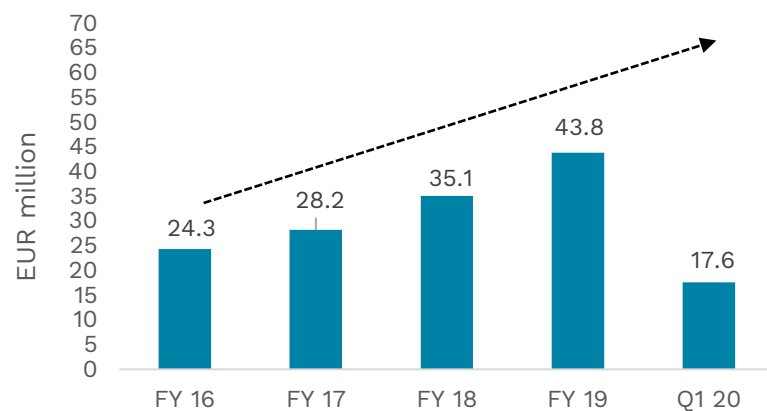




## Sale of electricity

The increase in capacity and the very good wind conditions in the first quarter of 2020 has contributed to the high pro rata energy sale of EUR 17.6 million. This revenue number is showing the European Energy share of power sale revenue for all companies in which the Group has ownership. The figure below shows the development from 2016 to 2019 on a yearly basis, and the Q1 2020 sale clearly indicates that the 2020 will be another year with increasing power sale for the European Energy owned companies.

### Sale of electricity\*



\*) Including pro rata consolidation of equity-accounted and other investments

The production from solar and wind increased with 92% in Q1 2020 compared to last year. The production increased due to changes in the portfolio.

In key markets for the group's wind assets Germany recognised a wind index in Q1 2020, which was 13% above Q1 2019 and in Denmark the wind index was 24% higher than the same period in 2019. In Denmark the total hours of sunshine were up 1.7% compared to Q1 2019.

### Net Production (GWh)

	Q1 2020	Q1 2019	FY 2019
Solar	41,0	2,9	65.6
Wind	159,7	101,5	392.6
Total	200,7	104,4	458.2



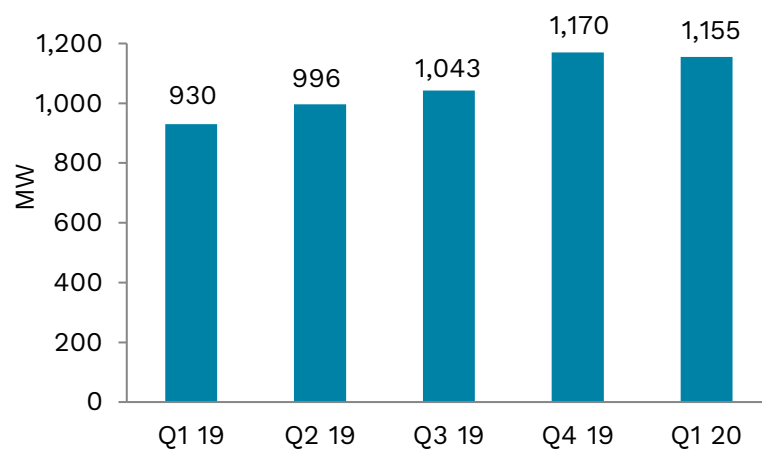
## Asset management

European Energy's operational assets under management increased by 24% (225 MW) from 930 MW to 1,155 MW at the end of Q1 2020 compared to Q1 2019. The development is due to the net difference between commissioning and acquisition of new wind and solar farms and divestments made.

European Energy receives commercial management fees in exchange for asset management services.

European Energy manages 1,155 MW in total portfolio under asset management (Q1 2019: 930 MW). The increase of 24% from Q119 to Q120 is due to the company continuing as asset manager after divestment of finalised projects. The 15 MW drop in total asset management portfolio from Q419 to Q120 is related to an ongoing repowering project in Germany concerning 10 wind turbines of each 1.5 MW. We expect to benefit from this repowering project at a later stage under our asset management portfolio when the project is finalised.

### Total portfolio under asset management



## Development and construction

### WIND

At the end of the first quarter of 2020, European Energy had four wind projects under construction: the Polish project Grzmiaca of 6 MW and the three German projects Oberbarnim, Vier Berge I and Tornitz of 3.5 MW, 25.8 MW and 3.6 MW respectively. During the quarter, the German project Viertkamp was completed.

### SOLAR

Throughout the first quarter of 2020, the construction of the Brazilian PV project Coremas III continued together with the construction of the Italian project Troia 2 and the Danish project Næssundvej – a total of 105 MW.

## Sales activity

During the first quarter the remaining three turbines of the Svindbæk project was divested. The Danish wind farm is located in the municipality of Ikast-Brande. The total wind farm was commissioned in early 2018 and consists of a total of 10 Siemens Gamesa 3.2 MW turbines.

We see a very high activity on our sales process. Where we currently have advanced dialogue with investors regarding divestment of more than 200 MW.

See Table 1 and 2 in Appendix 1 for further specifications.

## Significant events after the end of the period

No significant events occurred after the end of the period.



Vier Berge; Germany Building foundation





# Consolidated statement of profit or loss and other comprehensive income

For the quarter ended 31 March 2020

	EUR'000		
	Q1 2020	Q1 2019	FY 2019
Revenue	28,681	125,201	238,804
Profit after tax from equity-accounted investments	-4,142	982	2,504
Other income	415	-	6,835
Direct costs	-11,147	-100,103	-190,614
<b>Gross profit</b>	<b>13,807</b>	<b>26,080</b>	<b>57,529</b>
Staff costs	-2,223	-1,398	-6,695
Other external costs	-1,302	-1,057	-6,529
<b>EBITDA</b>	<b>10,282</b>	<b>23,625</b>	<b>44,305</b>
Depreciation	-2,896	-847	-5,894
<b>Operating profit</b>	<b>7,386</b>	<b>22,778</b>	<b>38,411</b>
Finance income	1,256	761	12,148
Finance expenses	-4,441	-2,857	-13,117
<b>Profit before tax</b>	<b>4,201</b>	<b>20,682</b>	<b>37,442</b>
Tax	-2,044	-2,558	-1,461
<b>Profit for the period</b>	<b>2,157</b>	<b>18,124</b>	<b>35,981</b>
<b>Attributable to:</b>			
Shareholders of the company	-846	13,380	26,654
Non-controlling interests (NCI)	3,003	4,744	9,327
<b>Profit for the period</b>	<b>2,157</b>	<b>18,124</b>	<b>35,981</b>



# Consolidated statement of profit or loss and other comprehensive income – continued

For the quarter ended 31 March 2020

	EUR'000		
Profit and OCI	Q1 2020	Q1 2019	FY 2019
<b>Statement of comprehensive income</b>			
<b>Profit for the period</b>	<b>2,157</b>	<b>18,124</b>	<b>35,981</b>
Items that may be reclassified to profit or loss:			
Value adjustments of hedging instruments	3,158	994	3,477
Tax of value adjustments of hedging instruments	-672	-279	-645
Currency differences on translating foreign operations	-863	-400	210
<b>Other comprehensive income for the period</b>	<b>1,623</b>	<b>315</b>	<b>3,042</b>
<b>Comprehensive income for the period</b>	<b>3,780</b>	<b>18,439</b>	<b>39,023</b>
<b>Attributable to:</b>			
Shareholders of the company	867	13,692	29,511
Non-controlling interests (NCI)	2,913	4,747	9,512
<b>Comprehensive income for the period</b>	<b>3,780</b>	<b>18,439</b>	<b>39,023</b>
<b>Interim dividends:</b>			
<b>Non-cash distribution to shareholders</b>			
Interim dividends	-	-	7,400
<b>Total Interim dividends</b>	<b>-</b>	<b>-</b>	<b>7,400</b>

# Consolidated statement of financial position

As of 31 March 2020

EUR'000

	Q1 2020	Q1 2019	FY 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	134,215	45,502	134,213
Lease assets	9,246	1,010	9,091
Joint venture investments	9,593	13,345	11,112
Associated companies investments	14,613	8,324	13,693
Other investments	4,359	6,733	4,394
Loans to related parties	32,662	32,990	35,620
Trade receivables and contract assets	4,221	3,870	4,241
Other receivables	18,349	2,545	15,133
Deferred tax	2,284	457	2,292
Prepayments	3,923	3,923	3,923
<b>Total non-current assets</b>	<b>233,465</b>	<b>118,699</b>	<b>233,712</b>
<b>Current assets</b>			
Inventories	249,202	152,684	227,131
Trade receivables and contract assets	17,589	13,242	16,920
Other receivables	8,202	3,340	8,270
Prepayments for goods and services	9,219	2,275	6,116
Free cash and cash equivalents	104,157	65,472	90,414
Restricted cash and cash equivalents	23,774	2,629	23,108
Assets held for sale	-	48,930	-
<b>Total current assets</b>	<b>412,143</b>	<b>288,572</b>	<b>371,959</b>
<b>TOTAL ASSETS</b>	<b>645,608</b>	<b>407,271</b>	<b>605,671</b>



# Consolidated statement of financial position – continued

As of 31 March 2020

EUR'000

	Q1 2020	Q1 2019	FY 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	40,331	40,316	40,331
Retained earnings and reserves	78,755	69,641	77,797
<b>Equity attributable to owners of the company</b>	<b>119,086</b>	<b>109,957</b>	<b>118,128</b>
Non-controlling interests	22,191	16,591	19,475
<b>Total Equity</b>	<b>141,277</b>	<b>126,548</b>	<b>137,603</b>
<b>Liabilities</b>			
Bond loan	192,549	83,809	192,017
Project financing	149,645	81,937	140,743
Other debt	902	931	905
Lease liabilities	12,058	1,716	13,037
Provisions	7,729	3,072	6,096
Deferred tax	12,831	2,011	10,241
<b>Total non-current liabilities</b>	<b>375,714</b>	<b>173,476</b>	<b>363,039</b>
Project financing	95,642	50,522	66,772
Lease liabilities	1,977	457	1,493
Trade payables	9,357	8,109	8,981
Payables to related parties	428	974	2,117
Corporation tax	4,096	1,830	4,777
Provisions	2,300	1,986	2,800
Contract liabilities	-	1,634	-
Other payables	14,817	13,365	18,089
Liabilities held for sale	-	28,370	-
<b>Total current liabilities</b>	<b>128,617</b>	<b>107,247</b>	<b>105,029</b>
<b>Total liabilities</b>	<b>504,331</b>	<b>280,723</b>	<b>468,068</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>645,608</b>	<b>407,271</b>	<b>605,671</b>

# Consolidated statement of cash flow

For the quarter ended 31 March 2020

EUR'000

Cash flow from operating activities	Q1 2020	Q1 2019	FY 2019
Profit before tax	4,201	20,682	37,442
Adjustments for:			
Financial income	-1,256	-761	-12,148
Financial expenses	4,441	2,857	13,117
Depreciations	2,896	847	5,894
Profit from equity-accounted companies	4,142	-982	-2,504
Interest paid on lease liabilities	-	-	-152
Change in networking capital	-28,897	45,960	-14,408
Other non-cash items	349	-347	-2,980
<b>Cash generated from operation before financial items and tax</b>	<b>-14,124</b>	<b>68,256</b>	<b>24,261</b>
Taxes paid	-163	-4	-538
Interest paid and realised currency losses	-3,488	-2,671	-11,459
Interest received and realised currency gains	1,230	670	5,864
<b>Cash flow from operating activities</b>	<b>-16,545</b>	<b>66,251</b>	<b>18,128</b>
<b>Cash flow from investing activities</b>			
Purchase/disposal of property, plant and equipment	-2,546	-8	28,307
Proceeds from disposal of equity-accounted investments	-	-	682
Purchase/disposal of other investments	35	31	65
Acquisition of subsidiaries	-	-	-27,276
Investment/loans in equity-accounted investments	-205	-899	-1,479
Loans to related parties	-2,126	-	-11,893
Dividends	-	-	1,556
<b>Cash flow from investing activities</b>	<b>-4,842</b>	<b>-876</b>	<b>-10,038</b>



# Consolidated statement of cash flow - continued

For the quarter ended 31 March 2020

	EUR'000		
	Q1 2020	Q1 2019	FY 2019
<b>Cash flow from financing activities</b>			
Proceeds from issue of bonds	-	-	200,535
Repayment of bonds	-	-	-88,400
Proceeds from borrowings	44,371	12,273	88,551
Repayment of borrowings	-6,599	-68,876	-160,358
Repayment of lease liabilities	-	-	-467
Changes in payables to associates	-1,689	493	1,636
Transactions with NCI	-287	250	-4,563
<b>Cash flow from financing activities</b>	<b>35,796</b>	<b>-55,860</b>	<b>36,934</b>
Cash and cash equivalents related to acquired companies	-	-	9,912
<b>Change in cash and cash equivalents</b>	<b>14,409</b>	<b>9,515</b>	<b>54,936</b>
Cash and cash equivalents at beginning of period	113,522	58,586	58,586
<b>Cash and cash equivalents end of period</b>	<b>127,931</b>	<b>68,101</b>	<b>113,522</b>
Of which restricted cash and cash equivalents	-23,774	-2,629	-23,108
<b>Non-restricted cash and cash equivalents end of period</b>	<b>104,157</b>	<b>65,472</b>	<b>90,414</b>

# Consolidated statement of changes in equity

As of 31 March 2020

EUR'000

	Share capital	Share Premium	Translation reserve	Hedging reserve	Treasury share reserve	Retained earnings	Total	Non-controlling interests	Total
<b>Equity at 1 January 2020</b>	<b>40,331</b>	<b>37</b>	<b>216</b>	<b>900</b>	<b>-</b>	<b>76,644</b>	<b>118,128</b>	<b>19,475</b>	<b>137,603</b>
Profit/loss for the period	-	-	-	-	-	-846	-846	3,003	2,157
<b>Other comprehensive income</b>									
Value adjustments of hedging instruments	-	-	-	3,107	-	-	3,107	51	3,158
Tax of value adj. of hedging instruments	-	-	-	-672	-	-	-672	-	-672
Currency diff. on translating foreign operations	-	-	-722	-	-	-	-722	-141	-863
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-722</b>	<b>2,435</b>	<b>-</b>	<b>-</b>	<b>1,713</b>	<b>-90</b>	<b>1,623</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-722</b>	<b>2,435</b>	<b>-</b>	<b>-846</b>	<b>867</b>	<b>2,913</b>	<b>3,780</b>
<b>Transactions with owners</b>									
Dividends	-	-	-	-	-	-	-	-178	-178
Transactions with NCI	-	-	-	-	-	-24	-24	-	-24
Purchase of treasury shares	-	-	-	-	-15	-	-15	-	-15
Share-based compensation expenses	-	-	-	-	-	130	130	-	130
Disposals	-	-	-	-	-	-	-	-19	-19
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-15</b>	<b>106</b>	<b>91</b>	<b>-197</b>	<b>-106</b>
<b>Equity at 31 March 2020</b>	<b>40,331</b>	<b>37</b>	<b>-505</b>	<b>3,335</b>	<b>-15</b>	<b>75,904</b>	<b>119,086</b>	<b>22,191</b>	<b>141,277</b>

The share capital consists of nom. 300,145,075 shares of DKK 1 each, corresponding to EUR 40,331 thousand. The share capital is fully paid in.

# Consolidated statement of changes in equity - continued

As of 31 March 2019

EUR '000

	Share capital	Share Premium	Translation re-serve	Hedging reserve	Treasury share reserve	Retained earnings	Total	Non-controlling interests	Total
<b>Equity at 1 January 2019</b>	40,316	-5	5	-1,257	-	57,029	96,088	11,597	107,685
Profit/loss for the period	-	-	-	-	-	13,380	13,380	4,744	18,124
Other comprehensive income									
Value adjustments of hedging instruments	-	-	-	1,092	-	-89	1,003	-9	994
Tax of value adj. of hedging instruments	-	-	-	-301	-	20	-281	2	-279
Currency diff. on translating foreign operations	-	-	-410	-	-	-	-410	10	-400
<b>Other comprehensive income</b>	-	-	-410	791	-	-69	312	3	315
<b>Total comprehensive income</b>	-	-	<b>-410</b>	<b>791</b>	-	<b>13,311</b>	<b>13,692</b>	<b>4,747</b>	<b>18,439</b>
Transactions with owners									
Share-based compensation expenses	-	-	-	-	-	177	177	-	177
Additions	-	-	-	-	-	-	-	-44	-44
<b>Disposals</b>	-	-	-	-	-	-	-	<b>291</b>	<b>291</b>
<b>Total transactions with owners</b>	-	-	-	-	-	<b>177</b>	<b>177</b>	<b>247</b>	<b>424</b>
<b>Equity at 31 March 2019</b>	<b>40,316</b>	<b>-5</b>	<b>-405</b>	<b>-466</b>	-	<b>70,517</b>	<b>109,957</b>	<b>16,591</b>	<b>126,548</b>

The share capital consists of nom. 300,040,190 shares of DKK 1 each, corresponding to EUR 40,316 thousand. The share capital is fully paid in.



# Basis for preparation

## General information

The interim financial report of European Energy comprises a summary of the unaudited consolidated financial statements of European Energy A/S and its subsidiaries.

These unaudited consolidated financial statements for the first quarter of 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2019 and public announcements made during the interim reporting period.

## Key accounting estimates and judgements

When preparing the interim financial reporting of European Energy, management makes a number of accounting estimates and assumptions, which form the basis of the recognition and measurement of European Energy's assets and liabilities. The estimates and assumptions made are based on experience and other factors that management considers reasonable in the circumstances. Reference is made to the consolidated financial statements in the annual report for the year ended 31 December 2019, Note 1.0.

## Accounting policies

Accounting policies remain unchanged compared to the annual report for the year ended 31 December 2019, to which reference is made.

## Other information

The Group's main operations comprise project development, financing, construction, sales and acquisition as well as management of wind and solar energy farms. Our main geographical focus is on European markets.

The parent company is a limited-liability company incorporated and domiciled in Denmark.  
The address of its registered office is Gyngemose Parkvej 50, DK-2860 Søborg.

On 27 May 2020, the Board of Directors approved these interim consolidated financial statements.  
The interim consolidated financial statements are presented in EUR, and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

# Basis for preparation – continued

## Segment information

Operating segments are recognised in the manner that corresponds to the internal reporting to the chief operating decision-maker (CODM).

The CODM is the function responsible for allocating the Group's resources and assessing the performance of the operating segments. The Group's CODM has been identified as the Board of Directors. European Energy's segments are:

- Wind
- Solar

Segment information has been prepared in accordance with the Group accounting policies. Segment income and segment costs as well as segment assets and liabilities, comprise those items that can be directly attributed to each individual segment on a reliable basis.

# Segment information

As of 31 March 2020

					EUR '000
	Wind	Solar	Total be- fore elimi- nation	Elimina- tions	Q1 2020
Sale of energy farms and projects	12,270	-3	12,267	-	12,267
Sale of electricity	13,276	2,109	15,385	-	15,385
Asset management & other fees	836	193	1,029	-	1,029
<b>Revenue to external customers</b>	<b>26,382</b>	<b>2,299</b>	<b>28,681</b>	<b>-</b>	<b>28,681</b>
Intra-group revenue	19	39	58	-58	-
<b>Revenue</b>	<b>26,401</b>	<b>2,338</b>	<b>28,739</b>	<b>-58</b>	<b>28,681</b>
<b>Profit/loss before tax</b>	<b>6,864</b>	<b>-4,465</b>	<b>2,399</b>	<b>-</b>	<b>2,399</b>
<b>Total assets</b>	<b>449,728</b>	<b>195,880</b>	<b>645,608</b>	<b>-</b>	<b>645,608</b>
<b>Total liabilities</b>	<b>354,889</b>	<b>149,442</b>	<b>504,331</b>	<b>-</b>	<b>504,331</b>

As of 31 March 2019

					EUR '000
	Wind	Solar	Total be- fore elimi- nation	Elimina- tions	Q1 2019
Sale of energy farms and projects	114,885	-	114,885	-	114,885
Sale of electricity	8,393	1,347	9,740	-	9,740
Asset management & other fees	393	183	576	-	576
<b>Revenue to external customers</b>	<b>123,671</b>	<b>1,530</b>	<b>125,201</b>	<b>-</b>	<b>125,201</b>
Intra-group revenue	366	22	388	-388	-
<b>Revenue</b>	<b>124,037</b>	<b>1,552</b>	<b>125,589</b>	<b>-388</b>	<b>125,201</b>
<b>Profit/loss before tax</b>	<b>20,799</b>	<b>-117</b>	<b>20,682</b>	<b>-</b>	<b>20,682</b>
<b>Total assets</b>	<b>315,923</b>	<b>91,348</b>	<b>407,271</b>	<b>-</b>	<b>407,271</b>
<b>Total liabilities</b>	<b>209,524</b>	<b>71,199</b>	<b>280,723</b>	<b>-</b>	<b>280,723</b>



# Notes

## Write-down of inventories

At the beginning of 2020 the Group had write downs of inventories of EUR 14.3 million. The management has evaluated that the write down is sufficient and there has not been any addition to this amount in the quarter.

In Q1 2019 the Group made write-down of inventories of EUR 1.5 million.

The management acknowledges that not all projects will mature and end as a gain for the Group. Some will fail, and there will be sunk costs. The management finds the provisions made to reflect the probability of this.

## Other Income

Other income EUR 0.4 million comprise of adjustment to gain from the bargain purchase recognised in July 2019.

The preliminary fair values are adjusted after the acquisition with EUR 1.0 million related to project financing and with EUR 0.6 million related to cash consideration (purchase price).

## Other financial instruments

Other financial instruments with fair value assets of EUR 5.3 million as of 31 March 2020 are included in non-current other receivables.

Value adjustment is included in other comprehensive income, as the relevant criteria for hedge accounting are met.

The fair value is measured on the basis of Level 3 within the fair value hierarchy, cf. in the annual report 2019, and has increased by EUR 3.0 million compared to the fair value of EUR 2.3 million as of 31 December 2019.

The increase is mainly due to a fall in non-contracted market prices, mainly short prices (observable input).

## Treasury shares

The Equity Treasury share reserve comprises the cost of the parent company's shares held by the Group, and is recognised as retained earnings and reserves in the equity. At 31 March 2020, the Group held nom. 22,222 shares of DKK 1 each corresponding to EUR 3 thousand of the parent company's shares.

The shares have been bought back under the warrant program, where the parent company has a right, but not an obligation, to buy back shares from resigned employees.

# Statement by the Board of Directors and the Management

The Board of Directors and the Management have considered and adopted the Interim Report of European Energy A/S for the period 1 January - 31 March 2020. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting.

The accounting policies applied in the Interim Report are consistent from those applied in the Group's Annual Report 2019.

We consider the accounting policies appropriate, the accounting estimates reasonable and the overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of the Group's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing the Group.

The Interim Report has not been audited or reviewed by the auditors.

Søborg, 27 May 2020

## MANAGEMENT:

Knud Erik Andersen  
**CEO**

Jonny Jonasson  
**CFO**

## BOARD OF DIRECTORS:

Jens-Peter Zink  
**Chairman**

Knud Erik Andersen

Mikael Dystrup Pedersen

Claus Dyhr

Jesper Helmuth Larsen

# Appendix 1 – Sales activity in 2020

**Table 1 Sold projects in 2020**

Country	Site	MW	Technology	EE net capacity (MW)	Status
Denmark	Svindbæk	9.6	Wind	6.4	Sold in Q1 2020
Total		9.6		6.4	Total

**Table 2 Other sales activities**

Technology	Project	MW (Gross)	MW (EE net)	Status
Wind	40.2	40.2	20.1	Signed term sheet
Solar	172.1	172.1	172.1	Signed term sheet
Total	212.3	212.3	192.2	



# Disclaimer and cautionary statement

This document contains forward-looking statements concerning European Energy's financial condition, results of operations and business.

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on Management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and European Energy's potential exposure to market risks and statements expressing Management's expectations, beliefs, estimates, forecasts, projections, and assumptions. There are a number of factors that could affect European Energy's future operations and could cause European Energy's results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation):

- a. changes in demand for European Energy's products;
- b. currency and interest rate fluctuations;
- c. loss of market share and industry competition;
- d. environmental and physical risks;
- e. legislative, fiscal and regulatory developments, including changes in tax or accounting policies;
- f. economic and financial market conditions in various countries and regions;
- g. political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects;
- h. ability to enforce patents;
- i. project development risks;
- j. cost of commodities;
- k. customer credit risks;
- l. supply of components from suppliers and vendors; and
- m. customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Each forward-looking statement speaks only as of the date of this document. European Energy do not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

## Social event before COVID-19

We participated in Friløbet with no limitation in social distancing



# We are green energy



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